

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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MAR 18 1999
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

Implementation of the Subscriber Carrier)
Selection Changes Provisions of the)
Telecommunications Act of 1996)

CC No. Docket 94-129

Policies and Rules Concerning)
Unauthorized Changes of Consumers)
Long Distance Carriers)

DOCKET FILE COPY ORIGINAL

PETITION FOR RECONSIDERATION

GTE Service Corporation and its affiliated domestic companies (collectively
"GTE"),¹ pursuant to Section 1.106 of the rules of the Federal Communications
Commission ("FCC" or "Commission"),² respectfully request that the Commission

¹ GTE's domestic companies are: GTE Alaska Incorporated, GTE Arkansas Incorporated, GTE California Incorporated, GTE Florida Incorporated, GTE Hawaiian Telephone Company Incorporated, The Micronesian Telecommunications Corporation, GTE Midwest Incorporated, GTE North Incorporated, GTE Northwest Incorporated, GTE South Incorporated, GTE Southwest Incorporated, Contel of Minnesota, Inc., Contel of the South, Inc., GTE Wireless Incorporated, GTE Communications Corporation and GTE Long Distance.

² 47 C.F.R. § 1.106.

reconsider one aspect of the Second Report and Order and Further Notice of Proposed Rulemaking adopted in the above-captioned proceeding.³

GTE seeks reconsideration regarding the thirty-day absolution of toll bills when a customer claims to be slammed.⁴ GTE believes that this rule will result in a significant increase in customer toll fraud.

I. DISCUSSION

A. GTE devotes significant resources to eradicating toll fraud.

Toll fraud is a major concern for carriers offering toll service. The incidence of toll fraud raises carrier costs and results in higher rates for end users. GTE has developed several processes to combat toll fraud. For example, GTE has created Network Fraud Suppression (NFS) units. These NFS units, located in Grinnell, Iowa and Thousand Oaks, California, have detection methods that identify suspected subscription fraud services based on suspicious calling patterns. The NFS has developed processes that identify suspected subscription fraud services that break preset thresholds established in the Line Information Data Base ("LIDB") and other electronic data bases. Calling patterns currently monitored include International Direct Dial, Domestic Collect, Third Number Calling and Calling Card calls. The NFS will also monitor domestic direct dial traffic beginning in April 1999.

³ Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996, Policies and Rules concerning unauthorized changes of Consumers Long distance Carriers, *Second Report and Order* ("Second Report") and *Further Notice of Proposed Rulemaking* ("FNPRM"), CC Docket No. 94-129, FCC 98-334 (released December 23, 1998).

⁴ *Second Report* at 26-30.

If a customer, who claims they have been slammed, is actually conducting a domestic or international sell operation, the monitoring methods utilized by the NFS can identify that offending account. Once an account has been identified, the NFS conducts a thorough investigation to validate the claiming party's identity. In the event the account is deemed to be fraudulent, the service is disconnected for fraud and the service location is blocked to prohibit future attempts to establish service. Any toll subscription scenario, regardless if the customer claims to be slammed or not, would be disconnected.

B. The thirty-day absolution period increases the potential for added toll fraud.

Despite GTE's efforts to limit toll fraud, neither GTE nor any other carrier can stop all incidence of toll fraud. Indeed, GTE's experience has proven that perpetrators of toll fraud are constantly looking for new opportunities and developing new schemes to profit from toll fraud. Against this backdrop, then, GTE is concerned that the measures the FCC adopted in the *Second Report*, while intended to stop a form of fraudulent behavior, will create a huge new opportunity for toll fraud. GTE's extensive experience with toll fraud leads GTE to believe that the rule will result in a substantial increase in toll fraud. The new rule creates an entirely new opportunity for additional fraud. Individuals or groups who have the intent to defraud will certainly become aware of the opportunity for fraud that the thirty-day absolution offers and will quickly use it to their advantage.

The FCC recognized in the *Second Report* that carriers had toll fraud concerns. In response to these concerns, however, the Commission stated that the verification

rules adopted in the *Second Report* will help guard against fraudulent behavior.⁵ GTE disagrees. First, individuals that perpetrate toll fraud schemes have become quite sophisticated.⁶ Such resourceful persons will have little if any difficulty getting around the Commission's verification procedures. The suggestion that the carrier verification methods adopted will help stem criminal fraudulent behavior, therefore, is somewhat naïve. Second, even if the verification methods were an effective deterrent to criminal fraudulent behavior, the system put in place by the FCC depends largely on carriers' willingness to conduct investigations to prove verifications. Indications are that most carriers (including GTE) will find the process too cumbersome and costly to pursue investigations in most circumstances.

For these reasons, GTE requests that the Commission reconsider its decision to absolve customers of the responsibility to pay any charges to any carriers for the first thirty days after an unauthorized carrier change has occurred.

⁵ *Id.*, at 16 (¶ 22).

⁶ For example, in order to perpetrate wireless fraud, unscrupulous individuals have developed sophisticated electronic equipment capable of capturing a wireless phone's electronic serial number.

II. CONCLUSION

Even though GTE has extensive toll fraud investigative capabilities, it is very concerned about the level of potential new toll fraud created by the Commission's thirty-day absolution rule. For the reasons stated above, GTE requests that this rule be reconsidered and eliminated.

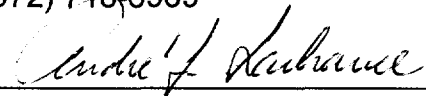
Dated: March 18, 1999

Respectfully submitted,

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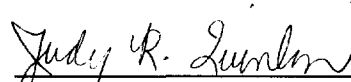


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CERTIFICATE OF SERVICE

I, Judy R. Quinlan, hereby certify that copies of the foregoing "Petition for Reconsideration" have been mailed by first class United States mail, postage prepaid, on March 18, 1999 to the parties on the enclosed list.



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